

Application number: 09/534233

Art Unit: 3628

Applicant: Khai Hee Kwan

Examiner: Clement, B Graham.

Title: System and method for conducting an electronic financial asset deposit auction over computer network

Summary

The test of obviousness requires that one compare the claim's "subject matter as a whole" with the prior art "to which said subject matter pertains." 35 U.S.C. § 103. The inquiry is thus highly fact-specific by design. This is so "whether the invention be a process for making or a process of using or some other process." In re Knehl, 475 F.2d 658, 665, 177 U.S.P.Q. (BNA) 250, 255 (CCPA 1973). When the references cited by the examiner fail to establish a prima facie case of obviousness, the rejection is improper and will be overturned. In re Fine, 837 F.2d 1071, 1074, 5 U.S.P.Q.2D (BNA) 1596, 1986 (Fed. Cir. 1988). Our claimed invention is a deposit application auction process to solicit competitive deposit terms while Zandi (US 5966699) is one of a loan application auction and Brown (US 6167386), an auction that uses grouped bids. In examining both prior arts, we fail to see any commonality or suggestion in the prior arts raised in Zandi and Brown that teach deposit application auction. Furthermore, there is no hint in either prior arts to combine each other features. Even if they are combinable, the resultant invention is one that uses grouped bidders to bid for loan application and not as for deposit application, the subject matter not obvious. Prima facie requires the subject matter as a whole "deposit application auction" to be obvious to one skilled in the art reading both prior arts.

Although from the prior art references, the examiner cited a generic auction system in combination with loan application in view of one with collective bidders, "the mere fact that a device or process utilizes a known scientific principle does not alone make that device or process obvious." *Uniroyal, Inc. v. Rudkin-Wiley Corp.*, 837 F.2d 1044, 1053, 5 U.S.P.Q.2D (BNA) 1434, 1440 (Fed. Cir. 1988). See also *Lindemann Maschinenfabrik GmbH v. American Hoist & Derrick Co.*, 730 F.2d 1452, 1462, 221 U.S.P.Q. (BNA) 481, 489 (Fed. Cir. 1984). In this case, the known business principle is an auction system which is old in the art.

Moreover, the mere possibility that a loan application auction disclosed by Zandi or one of generic auction open to collective bidders under a group disclosed in Brown could be modified or replaced such that its use would lead to the specific deposit application process recited in claim 15 does not make the process recited in claim 15 obvious "unless the prior art suggested the desirability of [such a] modification" or replacement. In re Gordon, 733 F.2d 900, 902, 221 U.S.P.Q. (BNA) 1125, 1127 (Fed. Cir. 1984). Without first knowing this application's claimed process steps or the elements supporting those steps, there is simply no suggestion in the references cited by the examiner to practice the claimed process. This is clearly observed, in a case involving a highly analogous set of facts, "one cannot choose from the unknown." *Mancy*, 499 F.2d at 1293, 182 USPQ at 306. It is therefore not prima facie obvious.

Moreover, the obviousness test is "what the combined teachings of the references would have suggested to those of ordinary skill in the art." In re GPAC Inc., 57 F.3d 1573, 1581 (Fed. Cir. 1995). Without even one hint mentioning deposit applications in either references, it would not be

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difficult to see that hindsight was used here by the examiner, which is not permissible. In *Richard Ruiz v Chance Co* (No. 99-1557, United States Court of Appeals for the Federal Circuit, decided December 6, 2000) "In order to prevent a hindsight-based obviousness analysis, it has been established that the relevant inquiry for determining the scope and content of the prior art is whether there is a reason, suggestion, or motivation in the prior art or elsewhere that would have led one of ordinary skill in the art to combine the references."

The examiner opined no evidence containing any suggestion or motivation to combine sources from said references either (a) to modify known loan auction with another auction system based on grouped bids to obtain the particular subject matter as a whole recited in claim 15, or (b) to obtain the particular new and nonobvious competitive deposit terms produced by the process of claim 15. Throughout the examination, the examiner seemed to draw Zandi as showing deposit application but without showing any evidence for such. We did a word check on Zandi and there is not even one word of 'deposit' to support the examiner's assertion.

In short, the most pertinent prior art, Zandi contains nothing at all to support the conclusion that the particular process recited in claim 15 is obvious. Even if all the elements existed in Zandi, one must still describe the motivation to modify this for an anonymous deposit application auction from one that deals exclusively with non-anonymous loans application. The question is why and what is the motivation for one skilled in the art of loan application auction could find in Zandi to modify to reach our claimed invention when the problem and subject matter of deposit auction is not taught in Zandi.

For example, the reasoned benefit as alluded by the examiner's response to claim 15 which is for financial gain certainly is curious since deposit-taking by financial institution is an expense well known in the art. The examiner has stated the motivation as "attract a larger volume of customers for financial gain." Furthermore, there is no indication in Zandi that it is not able to attract a larger volume of customers over a network by displaying method and hence would motivate one skilled in the art to modify it to a deposit auction from a loan application auction. In fact, Zandi actually teach using a web-based method for display (Zandi Col 7 line 56) and hence the reliance on Brown's displaying method is redundant.

In principle, we cannot agree that there is such relevant evidence as a reasonable mind might accept as adequate to support implicitly the conclusion that a skilled artisan confronted with (1) the problem, i.e., depositors wanting a method to discover better deposit terms, and (2) the teachings in Zandi and Brown, would have motivated to modify a system designed for non-anonymous loan auction with display to anonymous deposit auction purposes in order to solicit users, when there are no teachings even incidental to the subject matter of deposits. To carve out a reasonable motivation, one has to show that discovering competitive deposit terms problem is found in Brown or Zandi's invention in terms of loan auctioning or at the very least a hint that discovering loan rates could be

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extended to deposits rates. This was never shown by the examiner. This is perhaps that it is well-known in the art of banking that loan rates and deposit rates are not substitutable. For example, in a loan document one will not seek a deposit rate from the borrower is most obvious.

- 5 The main difference between Brown's Auction with our claimed invention is that our invention is to solicit competitive deposit terms from deposit-taking institution through a bidding process with the reward being the identities of the applicants which is not a purchase transaction since it is well known that identities cannot be bought or sold or reveal without the owner's consent. The reward for our bidders is the identity based on the merits of bided deposit terms whereby bidders are
10 selected by the offeror. The reward for Brown's bidders is the bided item which is automatically selected based on grouped bid dollar amounts. Furthermore, it is well known that identities cannot be sold or purchase which means Brown's teaching is not capable of functioning as per our claim. In Zandi, the bidders already know the identity of the applicants so similarly there is no requirement to reveal something that is known. And because the identity is already known, revelation of identity
15 by offeror would not be obvious.

The examiner asserted that the motivation is to solicit deposit application over a network, a suggestion or motivation which is not found in either cited prior arts. In particular we submit that Zandi in view of Brown did not even suggest discovering a competitive term for potential depositors
20 in an auction, or shares depositing or where a bid includes shares in exchange or the fact that this is an anonymous offer, all elements material in our claimed invention.

Lastly, the fact that the examiner was not able to source for a prior art having a hint for deposit application or describing a solution or our problem of discovering a competitive deposit term for a
25 deposit applicant directly can only mean that the art itself is not obvious. Thus, this evidence creates a genuine issue as to whether those of ordinary skill would have any motivation at all to reach the claimed invention or known of the problem at the time of invention was made.

30 **1.0 Analysis of previously Amended Claims 15-19, 24-33 and 34-38 as per our response mailed 6 May 2003**

35 The Action Letter mailed 18 August 2003 details Claims 15-19 and 24-33 have been rejected under 35 USC 103(a) as being unpatentable over Zandi (US 5966699) in view of Brown (US 6167386). Claims 34-38 are rejected under 35 USC 102(e) in view of Franklin (US 6055518). We are also unsure why similar elements are being rejected under both 102(e) and 103(a) by different prior arts.

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Claim 15, 24, 29.

Evidential Analysis of Examiner's determination.

5 The applicant respectfully disagrees with the Examiner's assertions that Zandi discloses in brief the following : (For complete elements please refer to actual claim language in Appendix 1)

10 a) receiving a deposit application from a prospective depositor who is a respective one of the users, wherein said application comprising personal information, money, securities deposit terms of offer;

b) assigning a handle to conceal the real identity of deposit applicant and displaying it anonymously;

15 c) receiving a bid comprising deposit terms, type of guarantees, payment schedule, deposit rate, securities in exchange etc;

d) authorizing to access the real identity of the applicant by deposit applicant;

20 Each of the above section inclusive of elements are discussed as below:

25 a) receiving a deposit application from a prospective depositor who is a respective one of the users, wherein said application comprising personal information, money, securities deposit terms of offer;

30 Applicant submits that in Zandi, there is no suggestion of any deposit application and elements: money, securities offer terms as in our claim. As we have said the subject matter at hand is not one of a loan hence said deposit application's information would not be obvious from loan application information as known in the art or taught by Zandi to support the Examiner's assertions. It is well known in the art of loan applications, the borrower is asking for money and not offering money or securities as in a deposit term offer. Why would one skilled in the art would suggest a borrower in Zandi to offer money or securities when the issue for a loan application is to borrow money.

35 Furthermore, Zandi made no suggestion of borrowing securities in a loan application and it is equally difficult to understand why a borrower would need to borrow securities to fund his requirements.

40 Our examination of the Zandi's patent including file wrapper reveals no hint of even the word "deposit" which is a primary requirement to show art in the same field to sustain the above

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5 assertions. There are no suggestions from Zandi to assume that a loan is equivalent to a deposit or such loan auction method is able to function anonymously which is another requirement to meet our claim elements for section (b) and (d). It is well known in the art, legislation and in case law that a loan is not a deposit. It is further well known that a loan application or applicant cannot be anonymous since anonymity will defeat the purpose of a credit check, which is crucial in loan process. To date, the examiner has not even articulated a hint as to how or why a loan applicant inherently shows a deposit applicant as in our claimed invention to support much of the prima facie case.

10 The examiner asserted that Brown includes an account creation process for bidder to capture personal information which makes it obvious to modify Zandi to do the same with the benefit of receiving deposit applications with terms and condition of deposits.

15 Said assertion failed to distinguish between personal information and terms and condition of deposits by applicant or offeror. The former is made anonymous while the latter is open. In Brown, there is only teaching of personal information, so how would it possibly be obvious to include receiving deposit terms reading Zandi in view of Brown?

20 In Brown, the account creation process is for securing bidder's information and hence the personal information is never reveal unlike our claim which includes revealing said information later by deposit applicant for a second period to selected bidder as in part (d) of claim 15. There is no evidence to show that securing means is equivalent to anonymity means. Anonymity is clearly meant to conceal the identity and not to secure information as practiced in Brown which relates to denying access by all means.

25 For obviousness to stand, all elements must be considered and the difference explained. There is no explanation by the examiner to show how one skilled in the art reading Brown whereby the suggestion is to secure bidder's information can somehow similarly be applicable to the offeror as claimed in our invention. This knowledge gap between securing bidder's information leading to anonymity for offeror must be explained so that its obviousness is clear. It is well known in the art that an offeror cannot be a bidder at the same time nor can the roles be exchanged at will.

30 b) assigning a handle to conceal the real identity of deposit applicant and displaying it anonymously;

35 This element is strictly for identity to be concealed and later displaying it anonymously by using the handle.

40 The examiner has opined that Brown shows displaying the deposit application and offered evidence from Col 4 lines 60-65. A close reading of the said evidence is reproduced here " Text Markup Language (HTML). A suitable browser is Netscape 3.01 available from Netscape Corporation of

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Mountain View, Calif. Browser 29 allows remote computers 30 to access and display the content of an HTML template 22 residing on central computer 18. HTML template 22 contains the main webpages displayed to on-line bidders on remote computer 30. "

- 5 This template 22 is further consisting a bidder form 76 which is displayed on the screen (Col 5 line 63) and FIG 5 and FIG 6 but none of this evidence shows a deposit application as asserted by the examiner. In particular FIG 6 shows a bidder entry form 76 with current item 70, graphic pictures 72 and description 74 which none resemble a deposit application. Our claim for deposit application do not call items 70, 72 and 74 or vice-versa. The fact that it shows displaying alone is insufficient
10 to clear the hurdle of displaying a deposit application anonymously as required. It is well known that 'displaying' is an old element but when combine with 'deposit application anonymously', the combined elements become non obvious as said is not taught by Brown or Zandi.

- 15 As stated in our claimed, the anonymous deposit application comes with deposit offer terms and permissible personal information as discussed in claim 15 (a). We therefore could only disagree with the examiner on this evidence and discount it as not responsive to our 'displaying deposit application anonymously' limitation.

- 20 The examiner has opined that Brown disclosed concealing a real identity of the prospective depositor for the deposit application to be displayed over said network and offered Col 7 Lines 35 as evidence. Our examination of this line shows that this is not the case. The exact quotation in Col 7 Line 35 reads as "Securing registration record 42 ensures confidentiality of account information for bidder 38 ". Anonymity means only the identity is being concealed while securing registration record as taught by Brown means to ensure confidentiality for all personal items within the record.

- 25 Brown further taught securing the database to prevent registration record of the bidder from being accessed ensuring confidentiality. Col 7 lines 33-38. The meaning of securing here in Brown is to prevent access to ensure confidentiality while our claimed elements refer to providing anonymity linked to the identity of the applicant (offeror) being concealed during the auction process. In short,
30 anonymity means other users will not be able to identify the deposit applicant in terms of name or personal information and not as in Brown in denying access to all users. In other words, we provide the assumed identity of the applicant as a 'handle' which is known to the offeror and is displayed to result in anonymity. We did not claim securing the information as in Brown since this means
35 nothing can be displayed contrary to our method here. Similarly the need for securing need to ensure confidentiality as taught by Brown would be contrary to the need to display, a functional contradiction by itself.

- 40 In fact Brown gave good reasons to secure this information because they consist of bank accounts, credit cards numbers (Brown FIG 3) and other financially sensitive information that are never revealed under any circumstances other than for presenting to a payment system.

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5 The important question here is what is the motivation found in Brown which makes it obvious to provide a handle when it merely teaches securing information. And how is it obvious to leap from securing a bidder's information to providing a handle for the offeror? Once a bidder's record is secured to ensure confidentiality, why should a handle be necessary at all to secure information that is locked away in a database and will never be revealed. This clearly shows the need for securing information and one for anonymity are irreconcilable and addressed different problems.

10 Furthermore, our claimed invention wants to provide identification information about the prospective depositor at the end of the auction to the selected bidder and not as suggested by the examiner's benefit as "would have been to not to disclose the identity of the prospective users". It is clear in Brown that such information is never going to be revealed.

15 In Zandi which deals with loans, it is said that the borrower's identification and record is entered into a database within AuctionWare and is held open to access by lenders for a predetermined period of time. Col 8 Lines 66-67 and Col 9 Lines 1-3. The result of assigning a handle for a loan application will defeat the purpose of said invention since as mentioned, the lenders/bidders must have access to the real identity information for credit checks. Even if Brown has taught of such assigning of handle to conceal the identity (which is not the case here), it would still fail for the same reason that a loan application requires said information. Therefore the suggestion to combine with Brown will render Zandi's loan application auction defective and destroyed its function.

25 Another point to consider is that Brown taught of bidding under a group, however this do not solve or address the need for anonymity as in this claimed invention. To bid in a group means the grouped bidders must know this group name which is clearly marked as "bid designation 64" while in this claimed invention, only the deposit applicant knows his own handle as when it is assigned. It is also worthwhile to consider in a normal auction, bidders have fiduciary obligation to fulfill the terms of bidding and hence a legal relationship is formed immediately upon acceptance of bid by offeror. Being anonymous would defeat any contractual requirements and is contrary to the workings of a generic auction system. In contrast our claimed invention uses anonymous auction method as a competitive means to determine deposit terms. There is no legally binding depositing contract even at the point where the depositor's identity is reveal to the selected bidder. The bidder (deposit taking institution) and depositor must further finalize their discovered arrangement legally and hence anonymity does not play any part in the contractual process common in most auctions involving actual purchase transaction.

35 The benefit provided by examiner is stated "to attract a larger volume of customers for a financial gain of an institution." As mentioned, we find this odd because deposit funding is normally an expense as banks take deposits by providing an opportunity cost on these funds or securities. However, when a bank is providing a loan as in Zandi then the bided interest would be income

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hence financial gain but as we mentioned, this claimed invention is for deposit, not loan. Our conclusion is that this motivation is not sound to one skilled in the art, is not appropriate for deposit because it is mainly an expense for the institution and difference evidenced between deposit and loan.

5

c) bids from deposit taking institutions and bids comprising deposit terms, type of exchange, securities etc...

- 10 The examiner made no mention of deposit being securities (stocks and shares) as covered in our specification and is not taught by either prior arts. Banks may propose securities such as shares as compensation in lieu of interest as a way to diversify share portfolio risk but the taking of deposit is never a means for financial gain nor is it a purchase as in Brown. Brown taught of purchasing companies by bidding for the shares but not in shares depositing. The auctioning part is merely to discover a better share deposit return and not as in Brown to purchase/sell shares.
- 15

Note: The examiner's response in the current action letter for this element is found in Claim 21 (at page 5) and is not responsive as it shows receiving a deposit application and not elements found in a bid. We have previously highlighted this in our last response letter. As mentioned, this response correspond exactly to the previous action letter as if our amendments were not entered. Our current Claim 21 is already deleted as stated in our previous response and the said element moved to Claim 15 section c.

20

- 25 d) Revealing the identity to selected deposit-taking institution

As for the element of revealing the real identity of the deposit applicant as recited in our section (d), the examiner said that it is obvious as a matter of common knowledge available to one skilled in the art to access the real identity of the depositor by the successful bidder which is found in Claim 23.

- 30 As mentioned, our previously amended response has cancelled this claim by moving the element to Claim 15 herein.

- 35 In re Lee, 277 F.3d at 1345, 61 USPQ2d at 1435, the court said that such "knowledge must be articulated and placed on the record." Id. The court further explained that 'deficiencies of the cited references cannot be remedied by the Board's general conclusions about what is 'basic knowledge' or 'common sense.' Id. at 1344, 61 USPQ2d. The examiner did not cite any references or publication nor does the Examiner provided any other evidence to support this contention.

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We disagree and unless the ordinary skilled has knowledge of our claimed invention here, this element would not have been obvious in the light that anonymity (not taught by neither prior arts) is required during the auction process which necessitated this later step as a whole in Claim 15.

5 Even if this is well known as asserted by the examiner, it is not well-known to provide for such in a system and method for deposit auction as the subject matter as a whole itself is not obvious in the art where 'anonymity' is for bidder (as in Franklin and Brown) and not for offeror as in our claimed invention. Actually Franklin uses encryption as a means to conceal the bidders identity, bidder terminal and bids BUT not the offeror (deposit applicant) being anonymous or both being
10 anonymous at the same time or the bids being accessible.

Our claimed invention's bids are not anonymous nor encrypted as in Franklin and neither do we subscribed to using at least 4 servers to encrypt said bidders' identity and bids. Note: We will examine Franklin under 102(e) for Claims 34-38 in more detail below. Claim 34 corresponds to
15 elements found in Claim 15 and accordingly submit to the same rebuttal above.

Furthermore, we are not convinced that auctions at the time the claimed invention is made would have this step since Zandi clearly indicates that the identities of the loan applicants are known throughout the entire auction process by the lenders. See FIG 5 of Zandi.
20

As mentioned, Brown only taught securing the bidders' record to prevent access over the network to ensure confidentiality (see Col 7 Line 35) and not as the examiner has suggested concealing a real identity of the depositor applicant. The differences between securing and anonymity have been discussed above and as mentioned are significant given their different applications and desirability.
25 In fact, the evidence shown in Brown only shows the bidders are being grouped together to bid under a non-anonymous group known to the bidders within the group and clearly marked (FIG 6 of Brown) as Bid Designation. The personal details of the bidders are secured in a database under Brown's account creation (Col 5 line 43-55) process but there is no indication that this is anonymous by means of adopting a handle. The need for security in Brown is critical because
30 bidder's information includes savings account number, credit card number etc (Col 3, Lines 52-55) which has nothing to do with anonymity which refers to identity. And unlike Brown which is to ensure confidentiality which means to deny access, in our claimed invention, we need to display such application anonymously to solicit bids hence the requirement for a handle and further to reveal the identity information at the end of the auction.
35

Therefore, it is clear there is no motivation or benefit for releasing the offeror's real identity information at all as taught by the prior arts since none of them suggest concealing said identity of offeror at the outset as claimed in our Claim 15 (b). Since the state of the art do not support the examiner's assertion, we have to assume that such common knowledge is held within the personal
40 knowledge of the examiner or one of judicially noticed. Hence in order for us to further defend our

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position, we respectfully call the examiner for evidence under 37 CFR 1.104(d)(2) to show it is well known to release the identity of the offeror in a deposit auction system.

This rejection is therefore respectfully traversed.

5 We further maintain that the claimed invention is patentable over Zandi as Zandi addresses a different problem found in loan application than the claimed invention for deposit auction. Zandi discloses a system and method to conduct a non-anonymous loan auction. Zandi does not teach a systematic means to conduct anonymous deposit application auction and even by combining with
10 Brown it does not reveal anonymous deposit application auction as Brown only shows securing bidder's information and bids and bidders being able to group under a single non-anonymous entity. In short no evidence has been shown for the subject matter of anonymity from both prior arts. There is no teaching or suggestion in either prior arts to combine each other teaching nor is there any evidence to show such combination will reveal our claimed invention of anonymous deposit
15 application.

We therefore believed that this claim is allowable in its entirety and respectfully ask the examiner to allow this.

20 Claim 24 deals with a deposit auction system which is not found in either Brown nor Zandi wherein similar elements are as discussed above. Similarly Claim 29 is an article of manufacture implementing our method in Claim 15 wherein elements are discussed as above. Both Claim 24 and 29 are also dependent on Claim 15 and incorporate all its elements hence accordingly would be allowable as per our discussion on Claim 15.

25 Claim 16, 25, 30

30 Previously Amended Claim 16 as per Our Mailed response dated 6 May 2003

35 This Claim 16 has previously been amended to "The method according to claim 15, further comprising a step of receiving from deposit applicant communicating over the network, an electronic instruction selecting at least one of responsive deposit-taking institutions bided for said depositor's application."

40 The examiner had opined that selecting is obvious as taught by Zandi but said element was not applied in the context of a deposit taking institution or within a deposit auction process, wherein said subject matter as a whole which must be obvious in the light of both arts for a 103(a) rejection. By

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merely focussing on one of the old element "selecting", the examiner has ignored the requirement that the whole subject matter must be considered to be obvious reading from Zandi and/or Brown. As mentioned in our response neither Zandi nor Brown teaches deposit auction.

5 Likewise, this previously amended Claim 16 is dependent on Claim 15 therefore include all of the limitations of Claim 15. As discussed above, it would not have been obvious for one skilled viewing Zandi and Brown in light of what is known in the art to provide for a deposit application auction system with anonymity as in the claimed invention. We therefore believed that this element being the subject matter of deposit auction as a whole is not obvious and respectfully ask the examiner to
10 reconsider this.

Claim 25 and 30 are both dependent on Claim 16 and we respectfully submit our rebuttal as in Claim 16 since their elements are common and only differ by the class.

15 Similarly, we ask both 25 and 30 to be allowed.

Claim 17, 26, 31

20 In previously amended Claim 17 as per our last response mailed 6 May 2003 this claim is read as "The method according to claim 15, includes a step of verifying the ownership of said money, securities or financial equivalent as subscribed by deposit applicant "

25 Verification of assets ownership is not found in both Zandi and Brown. Zandi as opined by the examiner teach of a host authorizer for a loan auction which we believe would not perform the same tasks (see Zandi Col 8 Lines 45-60) as required in our host authorizer for deposit application where we are interested in verifying the ownership of the assets. It is said that the host authorizer in
30 Zandi would purchase credit analysis and even arranged for a property inspection. It is well known in the art that a credit analysis reviews the income flow for the prospective borrower to ascertain the default risk. Income flow would mean evidence of employment or salary slips, cash in bank, shares etc and the value or amount attached to these items. As for property, it is well known that the property will be collateralized by the prospective lender and the valuation is done to ensure that the
35 borrowed amount is within the gearing limit set by the lender. Our verification only requires ownership to be checked corresponding to the depositor's clear title which hardly amounts to determining the income flow of the depositor or a credit analysis. In short, Zandi's method is to ensure serviceability of the proposed loan by analyzing the asset backing while our method relies on checking clear ownership of proposed deposits.

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Even if credit analysis is well known in the art of lending and is capable of showing verification of ownership, we submit it is still not known to do so for a deposit applicant as in claim 17 or in a deposit auction method as claimed in Claim 15 which this claim is dependent on and incorporates all its limitations. As discussed above, it would not have been obvious for one viewing Zandi and Brown in light of what is known in the art to provide for a deposit application auction system with anonymity as in the claimed invention. We therefore believed that this element being dependent on deposit auction system as a whole is not obvious and respectfully ask the examiner to reconsider this.

Claim 26 and 31 are both dependent on Claim 17 and we respectfully submit our rebuttal as in Claim 17 since their elements are common and only differ by the class.

Similarly, we ask both 26 and 31 to be allowed.

Note: The current action letter mailed 18 August 2003 for Claim 17 (page 3) refers to authorizing deposit application for solicitation which is not responsive to our previous amendments above.

Claim 18, 27, 32.

Our previously amended claim 18 as amended by us in our previous response mailed 6 May 2003 is stated as "The method according to claim 15, further comprising a step of maintaining data representative of bids for the depositor's application in a database accessible to users over a network, said data comprising deposit terms, type of guarantees, payment schedule, deposit rate, securities in exchange and terms of exchange information on each of a plurality of submitted responsive bids."

In regard to this maintaining data element, our rebuttal here is that both prior arts have no teaching about deposit application and hence reveal no teaching on bids pertaining to a deposit application. In particular from the evidence provided by the examiner in Zandi (Col 9, lines 55-65) deals with a generic auction system and not with deposit auction. One skilled in the art knowledgeable in auction in general and one skilled in the art of loan auction may well wish to try for a deposit auction process but obvious to try is not the standard of obviousness absent of some teaching. The Federal Circuit has long held that the mere availability of the technology and the incentive to apply it do not make the result obvious. In re Deuel, 51 F.3d 1552, 1559 (1995). This "obvious to try" standard was explicitly rejected by the Federal Circuit in In re O'Farrell 853 F.2d 894, 903 (Fed. Cir.1988).

As we mentioned, said bids have very distinctive elements found in Claim 15 (c) which forms the representation and here in this previously amended Claim 18. In addition, these responsive bids are

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open to all users which is not taught in Zandi. In Zandi, financial institutions bids are only known to the loan applicant and are not open to other applicants. (Zandi Col 5 lines 7-9) This is obvious since bids are related to the applicant's credit risk and hence differs from person to person, not transferable nor serves as a market indicator.

5

We are unsure whether Brown actually teach individual bids are open to all users since its main novelty is to accumulate collective bids as total bid (which is shown to all) for an item wherein said individual bid consist of dollar amount, bidder name, identification number, bid designation as shown in FIG 5 and not as our claimed deposit terms, type of guarantees etc. Neither prior arts can show definitely elements connected to a deposit application bid as claimed because neither of them suggest deposit auction, a subject matter as a whole not obvious.

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Likewise, this amended Claim 18 is dependent on Claim 15 therefore include all of the limitations of Claim 15. As discussed above, it would not have been obvious for one viewing Zandi and Brown in light of what is known in the art to provide for a deposit application auction system with anonymity as in the claimed invention. We therefore believed that this element being the subject matter of deposit as a whole is not obvious and respectfully ask the examiner to reconsider this.

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Claim 27 and 32 are both dependent on Claim 18 and we respectfully submit our rebuttal as in Claim 18 since their elements are common and only differ by the class.

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Similarly, we ask both 27 and 32 to be allowed.

25

Claim 19, 28, 33

Claim 19 essentially deals with total anonymity where both deposit applicant and deposit taking institutions are anonymous during the auction process. In the current action letter mailed 18 August 2003, the examiner cited that "Zandi disclose notifying the bidder who submitted the winning bid" which has nothing to do with our previously amended claimed element for complete anonymity.

30

We have previously amended in our response mailed 6 May 2003, so this claim is to cover anonymity for the deposit institutions which is not taught by both prior arts, said anonymity element was previous submit in a recognizable form in our original application now cancelled Claim 13(e).

35

We respectfully ask the examiner to allow this claim.

Claim 28 and 33 are both dependent on Claim 19 and we respectfully submit our rebuttal as in Claim 19 since their elements are common and only differ by the class.

40

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Similarly, we ask both 28 and 33 to be allowed.

5 Claim 20-23 Previously Cancelled

Claims 34-38

10

The third action letter mailed 18 August 2003 ('letter') stated that claims 34-38 are rejected over section 102(e). It is well established that anticipation under 35 USC 102 requires the disclosure in a single piece of prior art each and every limitation of a claimed invention. (Apple Computer, Inc V Articulate Sys, Inc 234F.3d 14,20 (Fed Cir 2000)). The letter also presented US 6,055,518 by

15

Franklin (herein 'Franklin') as the prior art which we will summarize the differences below. The exact differences will be mentioned individually corresponding to the claims in the later sections.

Franklin's Invention Summary

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Franklin's invention deals primarily with secure auction systems using sealed bids and not one for soliciting deposit terms from deposit taking institutions through an open auction process. Franklin invention is for providing secured sealed bids in a multi-distributed environment wherein the bids and bidders' information are secured by encryption means and are only open/decrypt at the end of the auction. By using encryption methods as described by Franklin, confidentiality is provided for the bids and bidders so that even insiders cannot manipulate the auction outcome by providing insider information. At the end of the auction, a key is used to unlock the identity of the bidders and corresponding bids. This key is also used to validate the monetary value of the bid. The winner is declared by presented the declaration signed by the correct servers. The novelty in Franklin is to split or distribute the encrypted information consisting of the bidder and bid information into several servers so that no one server/person can have access to all the information at any one time until at the end of the auction. See FIG 1 wherein shows bids are submitted to the service by sharing the pieces of a digital coin among the auction servers. The identity and value of the coin is then reconstructed at the end of the auction to reveal the identity and value by all earmarked good servers. The minimum number of servers is 4 which is decided by a formula $n \geq 3t+1$ where t is malicious members in the group of servers. Franklin also teach anonymity for bidders (Col 10 line 38) by removing the identity of the bidder at bidding terminals. Franklin uses a large random number r and use h(r) as a pseudonym for that bid where h is a message digest function as denoted in FIG 5 in Franklin. (Col 10 line 40 - 65). Franklin also discuss about offline cash schemes where the identity is embedded in the Value VS in a way that reveals this identity to the bank if the same coin is spent multiple times. (Col 10 line 40 - 65)

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Discussion

Structurally, Franklin differs from our claimed invention where at least 4 servers are required and bids must be submitted simultaneously to all servers to ensure none of the servers can have all the information at one time, until after the auction is closed. Furthermore, the system is designed for closed encrypted bids distinguishing our claimed invention where the bids are open to encourage on-going bidding until the end of the auction. In fact the principle of sealed bids is preserved in Franklin where bids are submitted once only to prevent bids being resubmitted based on previously disclosed contents of other bids. (Col 8 line 65-66)

Unlike our claimed invention where the potential depositor selects the deposit-taking institution to have access to said depositor's identity, Franklin's system uses the server to decide the winner according to some set rules whereby the encrypted identity of winner is broadcast to be reassembled at each terminal. As mentioned, in our specification since deposit requirements are personal, complex and are dependent on each depositor's circumstances such as duration, return and risk profiles wherein bided terms may not necessarily completely satisfied the depositor's requirements, resulting in the need for individuals to select the most appropriate terms. For example, a combination of shares and cash terms will be more difficult to assess than a pure deposit rate. We submit that there cannot be hold true a generic formula as in Franklin to substitute the selection criteria by said depositor by any one rule.

Moreover, the main difference not anticipated is where the offeror or potential depositor is anonymous. Franklin taught the bidder's identity being encrypted as well as to include a random number being digested and incorporated into the bid function 500 as in FIG 5. We do not see this having any resemblance to our need for a handle for the offeror. A handle such as a "Nick" is in human readable language and is immutable linked to offeror's real identity while Franklin seems to teach a two fold process of creating a pseudonym by random number means, having it digest and further encrypted into the digital coin which results in only machine readable codes. This appears to be an overkill for the simple purpose of being anonymous ie nameless during the auction process. It is doubtful that the offeror will be able to recognize such encrypted code which later must be displayed. Franklin did not teach of displaying the offeror's deposit application or bidders' bids (with or without the digested pseudonym) and by displaying such will defeat the purpose of the grandiose encryption employed, followed by the multicast technique.

Our bided terms comprising deposit terms, type of guarantee, payment schedule, deposit rates, securities in exchange and terms of exchange are also not anticipated in Franklin which is a general sealed bid auction. As we have claimed, said bided terms are open as displayed over the network throughout the auction contrary to Franklin's sealed bid concept where said is encrypted and multi-

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casted to at least 4 servers. (Col 8 line 63 to 67). This by itself evidenced it is not capable of being displayed.

There is also no disclosure that Franklin can accept any deposit application from depositors and to selecting the identity of the depositors at the end of the auction. Franklin only describe bidders accessing the system to bid and at the end, the identity of the winner is only known by reassembling the decrypted information at the particular terminal that receives all the information from the correct servers. In short, the winning bidder collects the signed declarations from correct servers as proof of being the winner. We submit that such sophisticated method would not anticipate our simple step of merely allowing the offeror to select the winner and to provide access offeror's identity. As mentioned Franklin teaching of a sale to the winner is also not compatible to our need to providing access to offeror's identity.

In short, Franklin merely describes a way where bidders and bids can be 'sealed' using an encryption method to mirror the practice of sealed bids by electronic means to overcome some of the shortcomings found in the off-line world such as insider perpetuated fraud. While a pseudonym is alternatively taught by Franklin, it only favors so for the bidder or terminals accepting the bids (Col 10, line 34-65, Claim 9 and 10 of Franklin). However, there is no suggestion for displaying pseudonym and may in fact contrary to Franklin's design of further dispersing the encrypted/digested pseudonym.

As mentioned our claims detailed anonymity by assigning handles to depositors (offeror) and not by encryption methods with a further need to displaying it. Table A below highlights the main differences.

Franklin US 6055518	Our Claimed Invention
Protection for bidders/bid and pseudonym for bidding terminal only. A random number is used as pseudonym for bidder which is further digest to unreadable code as per FIG 5 and spread to at least 4 servers.	Anonymity for potential depositor or for both depositors and deposit-taking institutions but not for bidder ONLY. Anonymity by handle means here is readable by humans and is displayed.
Requires at least 4 servers to receive bits of encrypted bids information. Nothing to show it can receive deposit application nor conduct open bids nor displaying said bids.	One server to receive open bids, receive deposit applications and displayed them anonymously.
Encrypted bids are multicast to all servers	Open bids is send to one server
All servers are required to reconstruct the	Not applicable since bids are open

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bids and bidders information	
Server selects winner (Col 9 line 54)	Depositor selects the bidder
Not applicable since bidder at the outset knows the identity of the offeror. Successful bidder can only purchase the offered item.	Selected bidder has accessed to Depositor's real identity ONLY
Bids and bidders identities are encrypted and unknown during the auction period. Do not encourage further bidding. Col 8 line 65)	Bided terms are open during the duration of auction to encourage competitive bidding.
No teaching or not applicable since the system is designed for a single offeror.	Accepts multiple depositors' applications over the network.
No teaching or where the offered item is fixed at the outset and purchasable where transfer of ownership is required. Although Franklin mentioned service contracts such as in procurement (Col 1, line 37), they still involved transfer of titles involving chattels and not as in our claimed invention, a deposit facility.	Deposit Application subscribes to money or securities on offer for a deposit facility
Bids consist of monetary bids with verifiable digital cash or off-line cash by using a digital coin signed by a bank. (Col 8 line 50)	Bids consist of terms of deposit terms, type of guarantee, payment schedule, deposit rates, securities in exchange and terms of exchange or grouped as deposit service agreements
Verifying the bidder's bid in the form of a digital coin as presented to the bank. The use of a digital coin is to preserve anonymity and protect the bidder's identity but also to verify validity of bid amount.	Verifying the ownership of deposit offerings from depositor (offeror). Not anonymous for this process since anonymity will defeat verification process.
Bids are encrypted and not accessible during the auction stage. (Col 8 lines 63-67)	Bids are accessible by all during auction.
The real identities of bidders are concealed by encryption means where such encrypted bits are shared by at least 4 servers.	Total anonymity for both depositors and deposit taking institutions and not just for bidder as in Franklin.

Factors that will support a conclusion that the prior art element is an equivalent are:

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(1) the prior art element performs the identical function specified in the claim in substantially the same way, and produces substantially the same results as the corresponding element disclosed in the specification (Kemco Sales, Inc. v. Control Papers Co., 54 USPQ2d 1308, 1315 (Fed. Cir. 2000); Odetics, Inc. v. Storage Tech. Corp., 185 F.3d 1259, 1267, 51 USPQ2d 1225, 1229-30 (Fed. Cir. 1999)).

We submit that our claimed invention could not perform an identical function to Franklin as we do not employ 4 servers to receive encrypted bids pieces and reconstructed the bids at the end of the auction. Our system is for deposit auction where the depositor is anonymous or as in claim 38 both depositor and deposit-taking institution are anonymous. In Franklin only the bidder/bid is sealed or protected using encryption and the bidding terminal uses a pseudonym which we are not claiming. Furthermore, our bids are open to all users contrary to Franklin's teaching of encrypted bids.

(2) a person of ordinary skill in the art would have recognized the interchangeability of the element shown in the prior art for the corresponding element disclosed in the specification (Al-Site Corp. v. VSI Int'l, Inc., 174 F.3d 1308, 1316, 50 USPQ2d 1161, 1165 (Fed. Cir. 1999); Chauranatta Concrete Concepts, Inc. v. Cardinal Indus., Inc., 145 F.3d 1303, 1309, 46 USPQ2d 1752, 1757 (Fed. Cir. 1998); Lockheed Aircraft Corp. v. United States, 553 F.2d 69, 83, 193 USPQ 449, 461 (Ct. Cl. 1977)).

The definition of anonymity means "The quality or state of being unknown or unacknowledged. One that is unknown or unacknowledged" by *The American Heritage® Dictionary of the English Language, Fourth Edition* and "the state of being anonymous [syn: namelessness]" by *WordNet® 1.6*, © 1997 Princeton University

The definition of encryption means "To put into code or cipher. *Computer Science*. To alter (a file, for example) using a secret code so as to be unintelligible to unauthorized parties" by *The American Heritage® Dictionary of the English Language, Fourth Edition*. and "the activity of converting from plain text into code" by *WordNet® 1.6*, © 1997 Princeton University

By definition, anonymity refers to making the identity unknown or namelessness while encryption is to convert plain text into unintelligible to unauthorized parties. In short, to satisfy the interchangeability requirement, the deposit application would be displayed in its encrypted form thus making it unintelligible to bidders. This would serve Franklin's need for a 'sealed bid' but not for our competitive bidding requirements.

Similarly, by encrypting the information, the offeror will not be able to read the encrypted bids corresponding to his anonymous application incorporating the handle. Similarly by using a handle in Franklin would defeat partially its function to completely sealed the bidder's identity and bids.

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Although Franklin teach of using pseudonym for bidder's anonymity, said pseudonym (usually a random number) is further digest by a hash function making it unintelligible to users unlike our displayed handle which is still readable to users. Therefore, we submit that anonymity by handle means would not be interchangeable with encryption as seen by one skilled in the art, the later being

5 unintelligible and would defeat our purpose for displaying to solicit bids openly.

Furthermore, this still does not anticipate our claimed invention where the offeror is anonymous or where both offeror and bidders are anonymous by said means. It is well known in the art that the role of offeror and bidder is NOT inter-changeable.

10

Franklin only teaches using digital coins to incorporate the encrypted identity of bidder and bid amount. Our bids are not in monetary amount but comprises deposit terms or security exchange terms and are open so that other bidders can mount a responsive bid. It would be difficult to envisage one skilled in the art to see encrypted monetary amount must necessarily shows deposit

15 terms in lieu, particularly when deposit terms is not monetary instruments capable of being transferred by endorsement or an order to pay as in a cheque. It is equally difficult to see how a seller would accept payment by deposit terms which by definition does not amount to a actual sale value. For example, say a deposit term is quoted as 5 percent of principal. The question here is whether the seller would accept a 5 percent when he is trying to ascertain the highest 'principal'

20 amount as consideration.

To anticipate all elements must be taught.

(3) there are insubstantial differences between the prior art element and the corresponding element disclosed in the specification (IMS Technology, Inc. v. Hase Automation, Inc., 206 F.3d 1422, 1436, 54 USPQ2d 1129, 1138 (Fed. Cir. 2000); Valmont Indus. v. Reinke Mfg. Co., 983 F.2d 1039, 1043, 25 USPQ2d 1451, 1455 (Fed. Cir. 1993)).

25

We submit that there are substantial differences between the elements found in particular the structure of the prior art requiring at least 4 servers to facilitates the encryption and reconstruction process while we only need one server because our bids are open and we use a simple handle for anonymity. In Franklin, there is no database element consisting of deposit application or where said maintains bid information consisting of deposit terms, shares in exchange and terms of exchange etc.

30

While Franklin teaches verifying the bidder's bid monetary amount by checking the presented digital coin, our claimed invention only verifies the offeror's ownership of the deposit assets. The difference between verifying offeror's assets and bidder's bid amount is not only one of functionality but also distinguishing the specific purpose of our claimed invention.

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5 In Franklin, the successful bidder is selected by the servers by a public known rule (such as the highest dollar value) while in our claimed invention provides for the offeror to select the winner which meets his or her return/risk profile based on the merit of the bided deposit terms. In our claimed invention, the winner gets to access the offeror's identity whereas in Franklin, the winner bidder gets to purchase the auctioned item, again reflecting the functional differences.

(4) the prior art element is a structural equivalent of the corresponding element disclosed in the specification (*In re Bond*, 910 F.2d 831, 833, 15 USPQ2d 1566, 1568 (Fed. Cir. 1990)).

10 As mentioned, Franklin requires at least 4 servers according to formulation determining the number of malicious members. In our claimed invention of a deposit auction, we employed only one server with attached database to store deposit application to facilitate the auction process by receiving deposit applications, displaying them anonymously and soliciting bidders with open bids. Nothing in Franklin shows that it can receive deposit applications and displaying them over the network
15 corresponding to our claimed elements in Claim 34. Franklin teach of advertised item and secret sealed bids (Col 1 line 30 -38) but nothing is taught that said advertised item is a deposit application capable of being received and displayed anonymously.

20 In summary, we are confident that our claimed invention of a deposit auction system is not inherently found in Franklin and novel, herein the main structural difference where Franklin's novelty is in the sealing of bid contrary to our system requirements of openness and competitiveness for said bids.

25 2.0 Examination of the claims in detail against Franklin

Claim 34.

30 In preamble, our claimed invention calls for a deposit auction system for soliciting terms of deposit and has the element of a database of deposit application which is not found in Franklin. There is no teaching in Franklin that the system can be adapted to be used for deposit auction wherein only one server is connected, the bid properties are electronic submission comprising deposit terms, type of guarantees, payment schedule, deposit rate, securities in exchange and terms of exchange to a single
35 server being accessible by all during the auction. In fact by using only one server would be contrary to Franklin's need to multicast the encrypted bids information to at least 4 servers in order to preserve confidentiality by distributing across all the servers.

40 Franklin's auction system only provides for monetary payment embedded in a digital coin for the bided item in contrast to our claimed invention where the winner is provided access to the real

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identity of the potential depositor. It is well known that one cannot buy another identity but may only tempt the other to reveal it by offering incentives. This is in contrast to Franklin's auction where the bided item is for sale. In our claim invention, the winner is being selected by deposit applicant based on the merit of the bid terms by way as an incentive.

In our part (a), we provide for means to receive a deposit application wherein the application comprises personal information, money, securities etc offer terms. Franklin's structure does not appear to be able to accept deposit applications with elements consisting of personal information and deposit terms offer over a network from external parties other than bidders. A bidder is not an offeror as in our claimed invention and this fact is well known generally in the art of auction where there must be two roles being played which are not interchangeable. In fact, it is a rule that the offeror or people connected to the offeror cannot participate in his or her own auction as a bidder.

In our part (b), we provide anonymity to the depositor or offeror while Franklin provides encryption cum anonymity method to the conceal bidders' identity and bids amount. As mentioned, anonymity means making the application nameless but deposit terms are displayed for the reason that bidders need to know what they are bidding for. If we applied Franklin's teaching by encrypting the deposit application information, we are doubtful if we will be able to receive intelligible bids since encrypted information is not intelligible to users. One skilled in the art would not be able to inherently see that a bidder and offeror is one of the same or interchangeable. We also provide for such anonymous application to be displayed which is not anticipated by Franklin since Franklin's novelty is to deny any form of access by encrypting and multicasting.

In our part (c), we claimed the elements of the bid by one deposit taking institution which is not anticipated by Franklin as it was not designed for deposit application auction but generic sealed auction process. And even if one skilled in the art is able to show that deposit taking institution must necessarily reveal a bidder, it still fall short to reveal the substance of the bid which consist of deposit terms for the taking of the deposit. There is nothing in Franklin which shows that it anticipates non-monetary bids such as deposit terms. There is no teaching of a deposit auction system in Franklin.

In our part (d), we claimed the deposit applicant (offeror) authorizing its real identity to be accessed for a second period of time (post auction). In Franklin, the servers selecting the winner (Col 9 line 54) and determining the winner of the auction. Not knowing the identity of the bidder or location, Franklin teaches broadcast the signed declaration of the winner from correct servers (Col 10 line 51-54) and where the winner is identified by presenting all the declarations.

In contrast to our claimed invention, this need to reveal the identity of the offeror to the selected bidder by the offeror is required given our first step of anonymity for said offeror at the outset

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which is not anticipated by Franklin. Franklin did not teach of encrypting the offeror's information and hence will not anticipate this final step of revealing the offeror's identity.

As mentioned, for a prior art reference to anticipate a claim, the reference must disclose each and every element of the claim with sufficient clarity to prove its existence in the prior art...Although this disclosure requirement presupposes the knowledge of one skilled in the art of the claimed invention, that presumed knowledge does not grant a license to read into the prior art reference teachings that are not there. (*Motorola, Inc V Interdigital Tech Corp.*, 121 F.3d 1461, 43 USPQ 2d 1481, 1490 (Fed. Cir 1997)

Furthermore, to establish inherency, the extrinsic evidence "must make clear that the missing descriptive matter is necessarily present in the thing described in the reference, and that it would be so recognized by persons of ordinary skill." *Continental Can Co. v. Monsanto Co.*, 948 F.2d 1264, 1268, 20 U.S.P.Q.2d 1746, 1749 (Fed. Cir. 1991). "Inherency, however, may not be established by probabilities or possibilities. The mere fact that a certain thing may result from a given set of circumstances is not sufficient." *Id.* at 1269, 20 U.S.P.Q.2d at 1749 (quoting *In re Oelrich*, 666 F.2d 578, 581, 212 U.S.P.Q. 323, 326 (C.C.P.A. 1981).

As the letter did not provide any clear and convincing evidence as to :

- 1) why anonymity is for depositor instead of bidder or how a bidder will reveal an offeror;
- 2) why provide access to the identity of the offeror when teaching is to secure bidder's identity and bids;
- 3) why the properties of the bid which are displayed are against Franklin's teaching to encrypt said bids in line with sealed bids concept;
- 4) how is that accepting deposit applications must necessarily present in Franklin;
- 5) how would one reconciled the selling of bided items as in Franklin to revealing the identity of depositor as the reward;
- 6) how would one reconciled the various non monetary bid elements comprising "deposit terms, type of guarantees, payment schedule, deposit rate, securities in exchange and terms of exchange " with Franklin's monetary bid amount which is also encrypted;

we can only submit that as it stands, it is clear that our claim is not anticipated. Given that perhaps only one element is anticipated by inherency being "anonymity", we cannot agree with the examiner's conclusion that Franklin fully anticipates our claim 34 in its entirety and therefore must ask this claim to be allowed.

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Claim 35.

This claim details the communication from deposit applicant to select a winner/bidder at the end of the auction. Franklin only provides for the server to select the winner. There is also no evidence in Franklin to show a deposit applicant communicating over a network to select the winner.

There is also no evidence to show that a manual process of selecting must necessarily inherently be capable of being automated as in Franklin given the complex decision making process in selecting the best deposit investment for different individual applicants. Therefore, it would not have been anticipated for one viewing Franklin to provide a manual selecting process communicable by the deposit applicant or offeror to the server and we respectfully ask the examiner to allow this claim.

We also submit that as this claim is dependent on claim 34 which in view of Franklin does not anticipate a deposit auction system, we respectfully ask the examiner to withdraw this rejection in view of what is known in the art.

Claim 36.

Franklin only details verification of the bidder's monetary bid and not in our claimed invention, verification of the offeror's deposit offerings. No extrinsic evidences were offered in the letter to show that such verification of the offeror's deposit offerings must necessarily exist for Franklin's offeror. "In relying upon the theory of inherency, the examiner must provide a basis in fact and/or technical reasoning to reasonably support the determination that the allegedly inherent characteristic necessarily flows from the teachings of the applied prior art." *Ex parte Levy*, 17 USPQ2d 1461, 1464 (Bd. Pat. App. & Inter. 1990) (emphasis in original). Since none was provided, we can only conclude that inherency was not relied on and hence not anticipated inherently. Even if this is a functional limitation bearing on the offeror and not as in Franklin's bidder's amount, it still has to be given weight in anticipation rejection. This is particularly significant given that the roles of offeror and bidders are not interchangeable well known in the art of auction.

As such, applicant respectfully submits that claim 36 is also patentable over Franklin in view of what is known in the art and on the above grounds.

Claim 37.

This claim details bids' properties being maintained and accessed by users over a network during the auction. Franklin clearly did not anticipate this and as stated "The identity of the bidder and the amount of the bid are not revealed until after the bidding period is closed at some correct server.

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This prevents bids being submitted based on the previously disclosed contents of other bids, because by the properties of atomic multicast, once bidding is closed at any correct server, the set of bids that will be considered by any correct server is fixed. " (Col 8 Ln 63 to Col 9 Ln 2) Also at Col 9 line 8 -10, " These bids are basically decrypted shares of the whole information about the original bids and subsequently opened in three steps:"

As mentioned earlier, we encourage a competitive bidding environment where users can check other bids rather as in Franklin, simulating a sealed bid auction and as the word 'sealed' suggest bids are not open. Furthermore, none of the elemental properties of the bid are revealed in Franklin such as deposit terms, type of guarantees, payment schedule, deposit rate, securities in exchange and terms of exchange. Therefore, it would not have been anticipated for one viewing Franklin to provide open access to bids during the auction and we respectfully ask the examiner to allow this claim 37.

Claim 38.

This claim is dependent on claim 34 and therefore embodies the elements which we have already submitted to be not anticipated. This claim includes the elements: deposit taking institution, assigning a handle and deposit auction, all of which are not anticipated in Franklin. On its own merit, our claimed invention calls for total anonymity where both bidders and offerors are anonymous which is not anticipated by Franklin where only the bidder and bidder's terminal are anonymous cum encrypted. Nothing in Franklin shows it is capable of anonymity for the offeror or that it is a totally anonymous deposit auction system as claimed here.

As discussed above, it would not have been anticipated for one viewing Franklin in light of what is known in the art to provide for a deposit auction system as in the dependent claim 34. As such, applicant respectfully submits that claim 38 are also patentable over Franklin in view of what is known in the art.

3.0 Conclusion.

Our overall conclusion is that the examiner had merely focussed on the elemental differences between the prior art(s) and the claimed invention and then to state that the differences themselves or individually are obvious but without providing the motivation to combine said prior arts to substantiated a 35 USC 103(a) rejection. Similarly for a 35 USC 102(e) rejection, every element must be anticipated such as deposit auction system, anonymity for offeror, displaying anonymous deposit application, open bids accessible to all, deposit terms etc. The critical shortfall in Franklin is its novelty of sealed bids which is contrary to our claim for open bids and the fact there is no teaching of anonymity for offeror which is fatal. It is just as important to recognize that the subject

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matter of the invention as a whole "deposit application auction" is not even anticipated by Franklin. Reconsideration of the A.J. rejections is respectfully requested.

5

Declaration 37 CFR 1.132

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I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under section 1001 of Title 18 of the United States Code, and that such willful false statements may jeopardize the validity of any application, any patent issuing thereon, or any patent to which this verified statement is directed.

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Khai Hec KWAN

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Date: Oct 7, 2003

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APPENDIX 1

1-14 (PREVIOUSLY DELETED)

5 15. (Previously Presented) A method for soliciting competitive terms of deposit operating on a deposit auction system, said system including a programmed computer connected to a network accessible by a plurality of users within a first selected period of time and anonymity means for concealing the identities of deposit applicants, the method executable at said computer comprising:

10 a) receiving deposit application from a prospective depositor who is a respective one of the users, wherein said application comprising permissible personal information and money, securities or financial equivalent deposit offer terms as subscribed by the prospective depositor ;

15 b) assigning a handle to conceal a real identity of the said prospective depositor and displaying said depositor's application anonymously;

20 c) receiving from at least one deposit-taking institution, who is a respective one of the users communicating over the network, at least a respective one of the responsive bids for said deposit application wherein said bid comprises responsive deposit terms, type of guarantees, payment schedule, deposit rate, securities in exchange and terms of exchange; and

25 d) receiving an electronic instruction from the deposit applicant, notifying and authorizing at least one selected deposit-taking institution to access a real identity and personal information of said applicant for a second selected period of time.

30 16. (Previously Presented) The method according to claim 15, further comprising a step of receiving from deposit applicant communicating over the network, an electronic instruction selecting at least one of responsive deposit-taking institutions bided for said depositor's application.

17. (Previously Presented) The method according to claim 15, includes a step of verifying the ownership of said money, securities or financial equivalent as subscribed by deposit applicant.

35 18. (Previously Presented) The method according to claim 15, further comprising a step of maintaining data representative of bids for the depositor's application in a database accessible to users over a network, said data comprising depositing terms, type of guarantees, payment schedule, deposit rate, securities in exchange and terms of exchange information on each of a plurality of submitted responsive bids.

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19. (Previously Presented) The method according to claim 15, adapted to further promote a completely anonymous deposit auction, comprising :

assigning a handle to conceal a real identity of the deposit taking institution.

20. (PREVIOUSLY DELETED)

21. (PREVIOUSLY DELETED)

22. (PREVIOUSLY DELETED)

23. (PREVIOUSLY DELETED)

24. (Previously Presented) A deposit auction system including a computer connected to a network programmed to perform the method of Claim 15.

25. (Previously Presented) A deposit auction system including a computer connected to a network programmed to perform the method of Claim 16.

26. (Previously Presented) A deposit auction system including a computer connected to a network programmed to perform the method of Claim 17.

27. (Previously Presented) A deposit auction system including a computer connected to a network programmed to perform the method of Claim 18.

28. (Previously Presented) A deposit auction system including a computer connected to a network programmed to perform the method of Claim 19.

29. (Previously Presented) Computer executable software code stored on a computer readable storage medium implementing the method of claim 15.

30. (Previously Presented) Computer executable software code stored on a computer readable storage medium implementing the method of claim 16.

31. (Previously Presented) Computer executable software code stored on a computer readable storage medium implementing the method of claim 17.

32. (Previously Presented) Computer executable software code stored on a computer readable storage medium implementing the method of claim 18.

Application number: 09/534233

Art Unit: 3628

Applicant: Khai Hee Kwan

Examiner: Clement, B Graham.

Title: System and method for conducting an electronic financial asset deposit auction over computer network

34. (Previously Presented) A deposit auction system for soliciting competitive terms of deposit connected to a network, said network comprising at least one client computer and a programmed computer further comprising a database of deposit applications, said network accessible by a plurality of users within a first selected period of time, comprising:

a) means for receiving a deposit application from a prospective depositor who is a respective one of the users, wherein said application comprising permissible personal information and money, securities or financial equivalent deposit offer terms as subscribed by the prospective depositor;

b) anonymity means for assigning a handle to conceal a real identity of the said prospective depositor for displaying said depositor's application anonymously;

c) means for receiving from at least one deposit-taking institution, who is a respective one of the users communicating over the network, at least a respective one of the responsive bids for said deposit application offer wherein said bid comprises responsive depositing terms, type of guarantees, payment schedule, deposit rate, securities in exchange and terms of exchange; and

d) means for receiving an electronic instruction from the deposit applicant, notifying and authorizing at least one selected deposit-taking institution to access a real identity and personal information of said applicant for a second selected period of time.

35. (Previously Presented) The system according to claim 34, further comprising means for receiving from deposit applicant communicating over the network, an electronic instruction selecting at least one of responsive deposit-taking institutions bided for said depositor's application.

36. (Previously Presented) The system according to claim 34, further comprising means for verifying the ownership of said money, securities or financial equivalent as subscribed by deposit applicant.

37. (Previously Presented) The system according to claim 34, further comprising means for maintaining data representative of bids for the depositor's application in a database accessible to users over a network, said data comprising depositing terms, type of guarantees, payment schedule, deposit rate, securities in exchange and terms of exchange information on each of a plurality of submitted responsive bids.

38. (Previously Presented) The system according to claim 34, adapted to further promote a completely anonymous deposit auction, by including means for assigning a handle to conceal a real identity of the deposit taking institution.